



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO, TEXAS 78283-3966

June 21, 2006

Phil Hardberger  
Mayor

Roger O. Flores  
Councilman, District 1

Sheila D. McNeil  
Councilwoman, District 2

Roland Gutierrez  
Councilman, District 3

Richard Perez  
Councilman, District 4

Patti Radle  
Councilwoman, District 5

Delicia Herrera  
Councilwoman, District 6

Elena Guajardo  
Councilwoman, District 7

Art A. Hall  
Councilman, District 8

Kevin Wolff  
Councilman, District 9

Christopher "Chip" Haass  
Councilman, District 10

Sheryl L. Sculley  
City Manager

Michael Bernard  
City Attorney

Ben Gorzell, Jr., CPA  
Acting Finance Director

Ladies and Gentlemen:

RE: City Management's Corrective Action Plan Report and the Report on the Audit of the Finance Department – Hotel/Motel Occupancy Tax Collection Process

We are pleased to attach for your review the report of an audit of the Hotel/Motel Occupancy Tax Collection Process. The audit report, which includes detailed recommendations, and City Management responses are attached for your review. The Finance Department Corrective Action Plan indicates acceptance of the audit recommendations, for the most part. Finance Department Management and Staff should be commended for their cooperation and assistance during this audit.

The observations in the draft report raise significant management and internal control issues. Specifically, the allocation of resources to verify Hotel/Motel Occupancy Tax revenue and exemptions, as well as for the collection of delinquent accounts, should be re-evaluated. City Management has expressed that the Finance Department is being re-organized and resources will be realigned to meet mission requirements by September 2006.

The Internal Audit Department appreciates the opportunity to have performed this review because it highlights areas for improvement in compliance with City Ordinance 67104 (City Code on Hotel Occupancy Tax collection), process efficiencies, and internal controls. We are available to discuss this material with you individually at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Mark Swann". The signature is fluid and cursive, with a long horizontal flourish at the end.

Mark Swann CPA, CIA, CISA  
Interim City Auditor

Cc: Leticia Vacek, City Clerk

Michael Armstrong, Assistant City Manager / Chief Information Officer